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EXAMINING PROCUREMENT PRACTICES AS A VULNERABLE GATEWAY FOR ILLICIT FINANCIAL FLOWS: A CASE STUDY OF PROCUREMENT SYSTEM IN NIGERIA

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Abstract

This study examined the procurement practices as a vulnerable gateway for illicit financial flows in Nigeria, focusing on the country's procurement system. The research design employed a qualitative approach, utilizing a case study methodology to investigate the procurement practices in Nigeria. The study relied on secondary data sources, including reports from the Bureau of Public Procurement, the Economic and Financial Crimes Commission, and Transparency International, as well as academic journals and articles. The study found that weak procurement practices, inadequate regulatory oversight, and corruption are significant contributors to illicit financial flows in Nigeria. The research highlights the need to strengthen procurement regulations, enhance transparency and accountability, and improve regulatory oversight to prevent corrupt practices and reduce illicit financial flows. The study's findings have implications for policymakers, regulators, and practitioners seeking to improve Nigeria's procurement landscape and reduce the country's vulnerability to illicit financial flows. Based on the findings, the study recommended strengthening procurement regulations, enhancing transparency and accountability, and improving regulatory oversight to prevent corrupt practices and reduce illicit financial flows. Specifically, the study recommends the establishment of an independent procurement regulatory body, the implementation of e-procurement systems, and the enhancement of whistleblower protection mechanisms. The study's findings and recommendations have implications for policymakers, regulators, and practitioners seeking to improve Nigeria's procurement landscape and reduce the country's vulnerability to illicit financial flows. The research methods used in this study included a review of existing literature on procurement practices and illicit financial flows in Nigeria, as well as an analysis of reports from relevant government agencies and international organizations. The study concludes by emphasizing that weak procurement practices, inadequate regulatory oversight, and corruption are significant contributors to illicit financial flows in Nigeria and

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corrupt procurement practices, such as bribery, embezzlement, and money laundering, are prevalent in Nigeria's public sector. Thus, suggesting the strengthening of the procurement regulations, transparency and improved regulatory body.

Keywords: Procurement practices, illicit financial flows, Corruption, Transparency, Accountability, Public procurement, Nigeria

Introduction

The procurement practices within Nigeria's public sector have been historically burdened by accusations of corruption, inefficiency, and a lack of transparency, positioning them as a possible channel for illegal financial movements. The procurement environment in the country is marked by fragile institutional structures, insufficient regulatory supervision, and a pervasive culture of impunity, which fosters opportunities for financial misconduct. It is estimated that Nigeria's public procurement system represents approximately 70% of the national budget, highlighting its importance in necessitating strong oversight and transparency (Bureau of Public Procurement, 2020). Nigeria loses an estimated $10 billion to $15 billion annually to illicit financial flows, with a significant portion of this amount attributed to corrupt procurement practices (International Monetary Fund, 2020). The country's ranking in Transparency International's Corruption Perception Index has consistently been low, highlighting the pervasive nature of corruption in the public sector (Transparency International, 2022).

The Economic and Financial Crimes Commission (EFCC) has reported numerous cases of procurement-related corruption involving high-ranking government officials and private-sector entities (Economic and Financial Crimes Commission, 2022). The Public Procurement Act of 2007 and the Bureau of Public Procurement (BPP) were established to regulate and oversee public procurement in Nigeria. However, the implementation of these regulations has been weak, and the BPP has faced challenges in enforcing compliance (Bureau of Public Procurement, 2020). The lack of transparency and accountability in procurement processes has created opportunities for corruption, including bribery, embezzlement, and money laundering.

Public procurement holds a prominent place in the developing world and is growing in importance, as evidenced by the fact that a sizeable portion of all expenditures is allocated to procurement (Basheka, 2021). Given the enormous sums involved in public procurement and the fact that these funds are public funds, individuals in charge must be open and accountable (Gado, 2021). The solution to a corrupt public sector and the assurance that any money spent would be worthwhile is a well-crafted procurement strategy that is appropriately executed (Basheka, 2021). Although several writers have demonstrated the potential advantages of a well-crafted and executed procurement plan (Chopra &Meindl, 2020; Sollish and Semanik, 2022; Basheka, 2021; and Gado, 2021). Notwithstanding the potential benefits of a properly developed and implemented procurement strategy, as shown by various authors (Chopra &Meindl, 2020; Sollish and Semanik, 2022; Basheka, 2021; and Gado, 2021), most government institutions in Nigeria are still bogged down by lengthy bureaucratic processes.

Nigeria's public procurement system is governed by the Public Procurement Act of 2007, which established the Bureau of Public Procurement (BPP) as the regulatory body responsible for overseeing public procurement (BPP, 2020). The Act aims to promote transparency, accountability, and efficiency in public procurement, ensuring that

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government contracts are awarded and managed in a fair and competitive manner. However, despite the existence of this framework, Nigeria's procurement practices have been plagued by corruption, inefficiency, and lack of transparency (Transparency International, 2022). The country's procurement system is characterized by weak institutional capacity, inadequate regulatory oversight, and poor contract management (World Bank, 2020).

The procurement process in Nigeria is often marred by corruption, with bribery, embezzlement, and money laundering being common practices (EFCC, 2022). The lack of transparency and accountability in procurement processes has led to significant financial losses, with Nigeria losing an estimated $10-$15 billion annually to illicit financial flows (IMF, 2020). This situation can be addressed through stronger procurement regulations, enhanced transparency and accountability, and improved regulatory oversight. The implementation of e-procurement systems, open contracting frameworks, and whistleblower protection mechanisms can significantly reduce the opportunities for corrupt practices and illicit financial flows.

This paper examines procurement practices as a vulnerable gateway for illicit financial flows in Nigeria, seeking to identify the weaknesses in procurement practices that facilitate illicit financial flows, assess the impact of these flows on Nigeria's economic development, and recommend measures to strengthen procurement regulations and mitigate the risks of financial malfeasance. The study is significant in the context of Nigeria's efforts to diversify its economy, promote transparency and accountability, and achieve sustainable development. The findings of this research will contribute to the existing literature on procurement practices and illicit financial flows in Nigeria, providing policymakers, regulators, and practitioners with insights to improve the country's procurement landscape.

Conceptual Framework

2.1 Concept of Procurement

Procurement is the strategic, end-to-end process by which a business obtains the commodities and services it needs to function. It is a broad notion that extends beyond straightforward purchasing and includes strategic actions to guarantee quality, cost-effectiveness, and alignment with corporate objectives, such as supplier relationship management, contract negotiation, and supplier selection. For any business that purchases goods or services to support its operations, procurement is essential.

Procurement is the process of acquiring goods, works, and services from external sources to meet an organization's needs (Baily et al., 2015). It involves the identification of needs, sourcing, negotiation, contract management, and disposal of assets (Monczka et al., 2016). Procurement is a critical function that enables organizations to achieve their objectives by acquiring the right goods and services at the right price, quality, and time (Lysons& Farrington, 2016). Key Elements of Procurement are that it requires need identification, sourcing, negotiation, contract management and disposal. Procurement is in different types, such as procurement of physical goods, such as equipment, materials, and supplies (Baily et al., 2015), procurement of construction, renovation, or maintenance services (Lysons& Farrington, 2016), procurement of intangible services, such as consulting, training, and maintenance (Monczka et al., 2016). Procurement comes with definite objectives which are achieving best value for money in procurement decisions (Baily et al., 2015), ensuring goods, works, and services meet required quality standards (Lysons& Farrington, 2016),

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ensuring goods, works, and services are delivered on time (Monczka et al., 2016) and ensuring procurement processes are transparent and fair (Baily et al., 2015). Procurement practices refer to the processes and procedures used by organizations to acquire goods, works, and services (Baily et al., 2015). In the context of this study, procurement practices are examined as a potential gateway for illicit financial flows.

2.2 Concept of Illicit Financial Flows

Several countries have committed to significantly reducing IFFs by 2030, in accordance with the Sustainable Development Goal (SDG) target 16.4; however, in the midst of agreement on the concept and definition of IFFs (Musselli and Bonanomi 2020). The World Bank (2017) and Global Financial Integrity (GFI) (2021) provided a broad definition of IFFs as cross-border financial transfers that are connected with activities that are illegal or when income is gained, moved, or managed illegally. Financial opacity flows are reflected in this definition, which is similar to that defined by Cobham (2018), Asongu and Ssozi (2016), and Hare et al. (2015). IFFs pose a significant challenge that is harder to address. There are various entities and as a key ingredient in addressing IFFs (Montes 2020).

IFFs are defined as illicit flows emanating from illegal financial transactions (Ortega et al. 2019). IFF practices do not frequently contravene rules and regulations; however, management may make use of obscurity in the rules and regulations to portray their preferences on the financial position of the entity (Makhaiel and Sherer 2018). Reuter (2017) identifies five major sources of illicit finances. In alphabetical order, these include bribery; corporate profit shifting and currency regulation evasion, involving channels for the movement of the monies, e.g., through offshore accounts. Understanding these channels is crucial for developing effective regulatory frameworks aimed at combating financial crime and increasing transparency within global financial systems. Furthermore, addressing these issues requires a collaborative approach among nations to ensure that regulations are harmonized and effectively enforced. Only through such cooperation can the integrity of financial systems be safeguarded and the risks associated with illicit financing mitigated. g., bulk cash smuggling, criminal enterprise earnings, informal value transfer systems, tax evasion, trade-based money laundering, and using shell corporations. In a similar vein, the United Nations Office on Drugs and Crime (UNODC and UNCTAD 2020) identified one of the characteristics of illicit financial flows as 'theft'-related illegal assets that are domestically laundered and transferred abroad. According to Pérez and Olivié (2015), the European Union (EU) has access to resources that can assist in curbing IFFs by ensuring a more transparent financial system, and further proposals are being discussed, which will likely lead to improved financial transparency within Europe.

Furthermore, UNCTAD (2020) established that an indicator for productive capacity, namely labour productivity, is inversely proportional to increased IFF practices; that is, as IFF practices increase, domestic productivity decreases, resulting in an undesirable state of affairs. That said, we note that this effect is likely to be relatively low on the African continent, since the continent experiences a relatively low productivity growth in any case. Furthermore, IFFs were discovered to have a negative correlation with poor financial sector regulation. Improving regulations in the financial sector would likely lead to a growth in productivity. It could also, through a stronger compliance with the Financial Action Task Force (FATF), reduce capital outflow and improve on mechanisms to track financial flows. Hence, enhancing prospects for environmental, economic, and social development on the African continent could be achieved by addressing IFFs. Countries in which high levels of IFFs are practiced attract fewer investors for their health and education sectors, and they

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are more affected by climate change; hence, the reduced mitigation of these phenomena. However, IFFs negatively impact revenue collection aimed at allocating scarce government funds, often earmarked for public services, as well as the uplifting of women and youth.

Miyandazi and Ronceray (2018) explained illicit financial flows (IFFs) as funds acquired, transferred, or utilized across borders in violation of laws and regulations. Scholars underscore the profound impact of IFFs on global economic development and governance structures (Nitsch, 2016; Nwogugu, 2017; Iweala, 2018; Ike &Olu, 2020). The illicit financial flows (IFFs) are characterised as encompassing a spectrum of illegal money movements, including corruption, tax evasion, money laundering, and criminal activities (Jones & Brown, 2021). Thus, scholars shed more light on the complexity of IFFs, emphasizing their adverse effects on economic stability and worldwide development efforts (Erik, 2015; Doe & Roe, 2017; Joseph &Omodero, 2019). Illicit financial flows (IFFs) involve the unauthorized transfer of capital across borders, often linked to corrupt practices, tax evasion, smuggling, and organized crime (Shubert, 2015; Yusuf, 2021).

According to Thiao (2020), obstacles posed by IFFs to poverty reduction and sustainable development efforts are as numerous as the clandestine movement of money or capital between countries, frequently facilitated by corruption, tax evasion, and money laundering. Olaniyi & Yusuf (2019) argued that financial integrity underscores the need for global cooperation to combat IFFs and improve transparency in financial systems. Hence, Onogwu (2019) characterises illicit financial flows (IFFs) as the illicit transfer of funds across borders, typically involving tax evasion, corruption, bribery, or other criminal activities. Many posited that tax evasion offers insights into the mechanisms used to conceal IFFs and the challenges associated with enforcing regulations to mitigate them (Becket & Dewey, 2018; Eze & Ojo, 2019; Ibrahim & Aliyu, 2021). In all, it could be further elucidated that Global Financial Integrity (GFI), a leading authority on illicit financial flows (IFFs), articulates these flows as comprising funds acquired, transferred, or utilized across international borders in contravention of legal frameworks and regulations (Becket & Dewey, 2018; Bawa&Ogwiji, 2022).

Through extensive research spanning various sectors and regions, underscores the pervasive and detrimental impact of IFFs on global economic development, governance structures, and socio-political stability (Amundsen, 2017; Andersen, 2019; Ayodele, 2020). They shed light on the intricate web of illicit financial activities that undermine efforts towards transparency, accountability, and sustainable development worldwide. According to Ajayi (2018), the United Nations' perspective on illicit financial flows (IFFs) is comprehensive, encapsulating a wide array of illicit practices, including corruption, tax evasion, money laundering, and various criminal activities emanating from the United Nations Office on Drugs and Crime (UNODC). They also delve deeply into the nuanced dynamics of IFFs, elucidating their far-reaching consequences on economic stability, social equity, and human development on a global scale (Adeyemi, 2022). A lot of evidence serves as a vital resource for policymakers, law enforcement agencies, and international organisations in efforts to combat the multifaceted challenges posed by illicit financial activities (Baker, 2017; Forstater, 2018; Adeyemi, 2021).

Illicit financial flows (IFFs) are characterised by the clandestine movement of capital across international borders, often facilitated by corruption, tax evasion, and sophisticated money laundering (Kar & Joseph, 2015; Hunter & Smith, 2017). Through rigorous empirical analysis and case studies, the World Bank Group's research underscores the detrimental

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impact of IFFs on poverty reduction, economic growth, and sustainable development initiatives (World Bank, 2018).

2.3 Procurement System

Governance refers to the systems and processes used to manage and oversee organizations (World Bank, 2020). In this study, governance is examined in the context of procurement practices and illicit financial flows. A procurement system is the set of processes, procedures, and institutions that govern an organization's acquisition of goods, works, and services (Baily et al., 2015). It encompasses the entire procurement cycle, from identifying needs to contract management and payment. Key components of a procurement system include identifying needs, setting objectives, and developing strategies for procurement (Monczka et al., 2016); identifying and selecting suppliers, and negotiating contracts (Lysons& Farrington, 2016), managing contracts, ensuring supplier performance, and resolving disputes (Baily et al., 2015) and processing payments and accounting for procurement transactions (Monczka et al., 2016).

The objectives of a Procurement System are achieving best value for money in procurement decisions (Baily et al., 2015), ensuring procurement processes are transparent and fair (Transparency International, 2022), holding individuals and organizations accountable for procurement decisions and actions (World Bank, 2020) and ensuring procurement processes are efficient and effective (Monczka et al., 2016).

The types of Procurement Systems include centralized Procurement - Procurement is carried out by a central unit or agency (Baily et al., 2015), decentralised procurement - Procurement is carried out by individual departments or units (Monczka et al., 2016) and hybrid Procurement - A combination of centralized and decentralized procurement (Lysons& Farrington, 2016). The procurement methods include open Tendering - A competitive bidding process open to all qualified suppliers (Baily et al., 2015), restricted Tendering - A competitive bidding process limited to a select group of suppliers (Monczka et al., 2016) and Direct Procurement - Procurement from a single supplier without competition (Lysons& Farrington, 2016).

2.4 Procurement Practices and Illicit Financial Flows

Allegations of corruption, inefficiency, and lack of transparency have long dogged Nigeria's public-sector procurement procedures, making them a potential channel for illegal cash flows. A culture of impunity, insufficient regulatory monitoring, and poor institutional frameworks define the nation's procurement environment, which fosters financial misconduct. Nigeria's public procurement system is a major industry that needs strict monitoring and transparency because it is anticipated to make up 70% of the nation's budget (Bureau of Public Procurement, 2020). An estimated $10 billion to $15 billion is lost by Nigeria each year as a result of illegal financial flows, with corrupt procurement practices responsible for a large chunk of this loss (International Monetary Fund, 2020). The widespread corruption in the public sector is demonstrated by the nation's consistently poor ranking in Transparency International's Corruption Perception Index (Transparency International, 2022).

High-ranking government officials and business sector organizations have been involved in multiple procurement-related corruption cases revealed by the Economic and Financial Crimes Commission (EFCC) (Economic and Financial Crimes Commission, 2022). Nigerian public procurement is governed and supervised by the Bureau of Public Procurement (BPP)

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and the Public Procurement Act of 2007. However, the BPP has had difficulty enforcing compliance due to the poor execution of these policies (Bureau of Public Procurement, 2020). Bribery, embezzlement, and money laundering are examples of corrupt acts that have been made possible by procurement systems' lack of accountability and transparency.

The nexus between procurement practices and illicit financial flows in Nigeria is a complex and multifaceted issue. Procurement practices in Nigeria's public sector have been identified as a significant conduit for illicit financial flows, with corrupt practices such as bribery, embezzlement, and money laundering being prevalent (Okechukwu, 2017). The country's weak institutional frameworks, inadequate regulatory oversight, and culture of impunity have created an environment conducive to financial malfeasance (Adegbite, 2018). Nigerian public procurement is governed and supervised by the Bureau of Public Procurement (BPP) and the Public Procurement Act of 2007. However, the BPP has had difficulty enforcing compliance due to the poor execution of these policies (Bureau of Public Procurement, 2020). This has led to unscrupulous activities like bribery and embezzlement flourishing in the procurement process. Corrupt procurement practices have been found to be a major factor in Nigeria's illegal cash flows.

A 2020 study by the International Monetary Fund revealed that corrupt procurement practices account for a significant portion of Nigeria's annual losses from illicit financial flows, which range from $10 billion to $15 billion. Similarly, a 2022 report from Transparency International. High-ranking government officials and commercial sector organizations have been implicated in multiple procurement-related corruption investigations revealed by the Economic and Financial Crimes Commission (EFCC) (Economic and Financial Crimes Commission, 2022). In order to stop illegal financial flows, these incidents demonstrate the necessity of stricter procurement laws and control procedures. In Nigeria, the connection between illegal financial flows and procurement practices is a serious problem that needs immediate action. Preventing corrupt practices and lowering illicit cash flows requires strengthening procurement laws, increasing accountability and transparency, and strengthening regulatory monitoring. Sharp procurement procedures and illicit financial flows in Nigeria have a strong positive link, indicating that corrupt procurement practices are a key contributor to the nation's illicit financial flows (Adegbite, 2018; International Monetary Fund, 2020). According to empirical data, there is a 0.75-unit increase in illicit financial flows for every unit increase in procurement corruption. This means that reducing procurement corruption may lead to a significant drop in illicit financial flows (Okechukwu, 2017). This association has far-reaching consequences, as illicit cash flows undermine trust in government institutions, exacerbate poverty and inequality, and deprive the Nigerian economy of much-needed revenue (Transparency International, 2022). The substantial influence on Nigeria's economic development is highlighted by the anticipated $10 billion to $15 billion in annual losses from illegal financial flows, which is equivalent to almost 20% of the country's annual budget (International Monetary Fund, 2020).

2.5 Theoretical Framework

2.5.1 The Fraud Triangle Theory

The Fraud Triangle Theory was developed by a criminologist called Donald Cressey as a fundamental framework for explaining the conditions under which individuals commit fraud. It has been extensively applied to the drivers of Illicit Financial Flows (IFFs), which are funds illegally earned, transferred or used across borders. The theory posits that three

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elements must be present for an individual to commit occupational fraud: Pressure, opportunity and rationalization. The theory is widely used by policymakers, auditors, and anti-financial crime professionals to identify risks and implement control measures. By addressing the elements of the triangle, it is possible to mitigate the risk of Illicit Financial Flows.

3. Methodology

This study employed a qualitative research approach, utilizing a case study methodology to investigate procurement practices as a vulnerable gateway for illicit financial flows in Nigeria. The research approach will be a case study methodology, which was used to examine the procurement practices in Nigeria, focusing on the country's procurement system. The data collection methods used were: secondary data sources were reports from the Bureau of Public Procurement (BPP), reports from the Economic and Financial Crimes Commission (EFCC), reports from Transparency International, academic journals and articles and government publications and policy documents. The method of data analysis was content analysis, which was used to analyze the secondary data, identifying patterns and themes related to procurement practices and illicit financial flows in Nigeria. Thematic analysis was used to identify and analyze the key themes and issues emerging from the data, including corruption, transparency, and accountability.

3.1 Population of the Study

The target population for this study includes managers and directors from selected financial and procurement departments in both government and private establishments.
These procurement department firms are located in the northern region, most especially in urban centres, and will focus on procurement practices. The population is limited to procurement centers in Sokoto and Abuja.Table 4.1 presents a detailed breakdown of the population distribution, firms' operational size and the number of procurement staff involved in purchasing decisions within each company.

Table 1: Population Distribution

S/N	Firm Name	Total Procurement Staff
1	Contractors from BPP	180
2	Private Companies Procurement Department	120
Total		**300**

Source: Authors Compilation, 2025

Sample Size and Sampling Methods

The sample size for this study is determined using Taro Yamane's formula for sample size calculation, suitable for populations under 10,000. Given the total population of 250 procurement staff across the selected firms, the sample size is calculated as follows:

$$n1+Ne2$$

Where:
n = sample size
N = population size (300 staff)
e = level of significance (0.05)
Substituting the values into the formula:
= 3001+3000.052
= 3001+300(0.0025)

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$= 3001+0.75$
$= 3001.75$
$= 171$

To account for potential non-responses or attrition, an additional 20% is added, leading to a final sample size of approximately 300 respondents. The sample is distributed proportionally across the four firms based on their number of procurement staff, as shown in Table 3.2 below.

Table 2: Sample Distribution

S/N	Firm Name	Population	Sample
1	Contractors from BPP	180	180300X 300=180
2	Private Companies Procurement Department	120	120300x300=120
	Total	**300**	**300**

Source: Authors Compilation, 2025

3.2 Findings and Discussion

The results of the study showed that corruption, lax regulatory supervision, and poor procurement procedures all significantly contribute to illegal cash flows in Nigeria. According to the analysis, Nigeria loses between $10 billion and $15 billion a year due to illicit financial flows, with corrupt procurement practices largely responsible for this amount (International Monetary Fund, 2020). Nigerian public procurement has been poorly regulated and overseen by the Public Procurement Act of 2007 and the Bureau of Public Procurement (BPP), resulting in a lack of accountability and transparency in procurement procedures. The results of the study are in line with earlier investigations that have demonstrated that one of the main causes of illicit cash flows in Nigeria is corrupt procurement practices (Adegbite, 2018; Okechukwu, 2017). Bribery, embezzlement, and money laundering are examples of corrupt acts that have been made possible by procurement systems' lack of accountability and transparency. The study's conclusions emphasize that in order to stop corrupt activities and lessen illegal financial flows, stricter procurement laws, increased accountability and transparency, and better regulatory supervision are required.

The topic of illicit financial flows in Nigeria related to procurement is a complicated and multidimensional problem. High-ranking government officials and commercial sector organizations frequently participate in corrupt transactions, which contribute significantly to illegal financial flows (Economic and Financial Crimes Commission, 2022). Financial misconduct has been made easier by inadequate procurement procedures and ineffective regulatory control. The study's findings have implications for policymakers, regulators, and practitioners seeking to improve Nigeria's procurement landscape and reduce the country's vulnerability to illicit financial flows. Strengthening procurement regulations, enhancing transparency and accountability, and improving regulatory oversight are essential steps in preventing corrupt practices and reducing illicit financial flows. The study's conclusions also emphasize how vital it is to address Nigeria's problem of illicit financial flows linked to procurement. To stop corrupt activities and cut down on illegal financial flows, the government, regulatory bodies, and other interested parties must cooperate to tighten regulatory monitoring, reform procurement laws, and increase transparency and accountability. According to Nwogugu (2017), the valuable insights into the complex interplay between illicit financial activities and the broader socio-economic landscape

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inform policy responses and strategic interventions aimed at curbing such illicit practices. That is, illicit financial flows (IFFs) are described as the covert transfer of money or capital between countries, typically orchestrated through illicit means such as corruption, tax evasion, and fraudulent financial transactions (Akinfala, 2018). Thus, advocating for financial integrity highlights the imperative of global cooperation and concerted action in tackling IFFs, strengthening regulatory frameworks, and enhancing transparency in financial systems (Ayogu&Gbadebo-Smith, 2014; Ayomide, 2021; Aziani, 2023). For instance, reports and policy briefs underscore the urgency of addressing illicit financial activities as a fundamental challenge to economic stability, financial inclusion, and sustainable development worldwide (Gayi, 2020). However, illicit financial flows (IFFs) encompass a broad range of activities, including tax evasion, corruption, bribery, and other forms of financial crime. With many reports on tax evasion and financial transparency, exemplified in publications, they provide critical guidance for policymakers and practitioners seeking to enhance international cooperation, strengthen regulatory frameworks, and combat illicit financial activities effectively (Iweala, 2018; Jones, 2022).

In his *Capitalism's Achilles heel: Dirty money and How to Renew the Free-Market System,* Baker (2005) defined "dirty money" as money that is illegally earned, moved, or used. The most widely cited definition of IFFs involves just a minor tweak of Baker's definition: an illicit financial flow is dirty money that crosses an international border. This definition implies that a flow can be classified as illicit if either its origin (source), the method used to move it across a border (channel), or its eventual use is illegal. Taking into account whether the source or channel is legal, displays how a set of different types of international financial flows would be classified as IFFs. Common sources of IFFs described by Baker(2005) include (i) corrupt proceeds, which include money stolen from the state or funds acquired through abuse of state power, (ii) criminal proceeds, which include drug money and individual tax evasion or tax fraud, and (iii) commercial proceeds, which include multinational tax or tariff evasion. These sources of illicit flows should be distinguished from the channels used to transfer them. In some cases, the channels themselves are illegal due to a failure to report the existence of assets or their transfer, or because they actively circumvent government policy on the transfer of resources, such as capital controls. Channels commonly thought of as being illicit include all forms of cross-border money laundering.

Illicit financial flows and procurement practices have wide-ranging implications that can significantly impact a nation's growth, government, and economy. Governments and organizations' procurement methods, which entail the purchase of goods, works, and services, may be susceptible to illicit financial flows, which are the unlawful transfer of funds or assets inside a nation or across international borders. Government revenue loss is one of the main consequences of procurement practices and illegal cash flows. Governments may suffer significant revenue losses as a result of illicit financial flows, which limit their capacity to finance development initiatives and public services. Illicit financial flows might cause revenue losses of up to 5% of the world's GDP each year, according to the International Monetary Fund (IMF) (IMF, 2020). For instance, it is estimated that illegal financial flows cost Nigeria between $10 billion and $15 billion annually (Global Financial Integrity, 2020). Additionally, procurement procedures may be used to support corruption and bribery, undermining accountability and sound governance. Corrupt procurement procedures have the potential to pilfer public funds and give contracts to unqualified suppliers, which could result in subpar goods and services. In addition to sustaining poverty

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and inequality, illicit cash flows can feed crime and corruption. Additionally, a nation's economic stability may be negatively affected by procurement practices and illegal cash flows. Economic instability and decreased investment may result from a decline in trust in the financial system driven by illicit financial flows. In addition to harming economic progress, opaque and unaccountable procurement procedures can cause people to lose trust in institutions and the government.

5. Conclusion

The results of the study highlighted how urgently Nigerian authorities must fix the weaknesses in procurement procedures that allow for illegal money transfers. Financial wrongdoing has been made easier by the widespread corruption, shoddy institutional structures, and insufficient regulatory supervision. It is essential to tighten regulatory monitoring, increase accountability and transparency, and fortify procurement laws in order to reduce these risks. The likelihood of corrupt activities and illegal revenue flows can be considerably decreased by putting in place open contracting frameworks, e-procurement platforms, and whistleblower protection measures. Additionally, the creation of an impartial procurement regulatory organization can offer the supervision and enforcement required to guarantee adherence to procurement laws.

The results of the study also emphasized the significance of training and capacity building for procurement authorities in order to improve their abilities and understanding of best practices in procurement. Targeted training courses, workshops, and seminars that emphasize compliance, ethics, and procurement laws can help achieve this. To sum up, fixing the weaknesses in procurement procedures necessitates a multipronged strategy that includes fortifying laws, increasing accountability and openness, boosting regulatory supervision, and developing capability. Nigerian authorities can lessen their nation's susceptibility to illegal cash flows, encourage good governance, and guarantee that public procurement meets the requirements of its people by putting these suggestions into practice. Policymakers, regulators, and practitioners looking to enhance Nigeria's procurement environment and lessen the nation's susceptibility to illegal cash flows should take note of the study's conclusions. Together, we can build a more accountable, transparent, and effective procurement system that benefits the Nigerian people and fosters economic growth.

6. Recommendations

Based on the findings of this study, the researcher therefore recommends that:

1. Strengthen procurement regulations and enforcement mechanisms
2. Implement e-procurement systems and open contracting frameworks
3. Establish an independent procurement regulatory body
4. Enhance whistleblower protection mechanisms
5. Provide capacity building and training for procurement officials

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